



ASSOCIATION OF AFRICAN CENTRAL BANKS (AACB)
42nd ORDINARY MEETING OF THE ASSEMBLY OF GOVERNORS
(Kigali, Rwanda, 1st August 2019)

LIST OF DECISIONS

The Assembly of Governors of the Association of African Central Banks (AACB) held its 42nd Ordinary Meeting, on 1st August 2019, in Kigali, Rwanda, at the Kigali Convention Center (KCC). The meeting was attended by thirty-six (36) member central banks and the African Union Commission (AUC). The Banque de la République d'Haïti attended the meeting as an observer.

As usual, the meeting of the Assembly of Governors was preceded by the Technical Committee and Bureau Meetings held on 28th – 29th and 30th July 2019 respectively, as well as a Symposium held on 31st July 2019 on the theme: *'Rising African Sovereign Debt: Implications for Monetary Policy and Financial Stability'*. The Symposium was officially opened by the Right Honorable Prime Minister of the Republic of Rwanda, Dr. Eduard Ngirente. Mr. Tarek Amer, Governor of the Central Bank of Egypt (CBE) and Chairperson of the Association, presided over the Assembly of Governors' meeting.

At the outset of the session, a minute of silence was observed in memory of the deceased President of the Republic of Tunisia, His Excellency, Mr. Beji Caid Essebsi.

After considering the items on the agenda, the Assembly of Governors:

1. Adopted the report of the AACB Symposium, held on 8th August 2018, in Sharm El Sheikh, Egypt, on the theme *'Declining Correspondent Banking Relationships and Illicit Capital Flows: Risks and Policy Challenges for Africa'*. Governors took note of the main conclusions of the Symposium and expressed the need to have more defined targets (i.e. owners) for the recommendations and to specify how to execute them. Furthermore, given the limited time Governors have to go through the files submitted to them, the AACB Secretariat was tasked to make proposals to the next Bureau meeting on the possibilities of increasing the time between the meetings of the Technical Committee, the Bureau and the Assembly of Governors, or using new technologies of communication;

2. Adopted the report of the 41st Ordinary Meeting of the AACB Assembly of Governors, held on 9th August 2018, in Sharm El Sheikh, Egypt, including the list of decisions as well as the matrix indicating the status of implementation of the decisions, as a fair reflection of the deliberations of the meeting. Moreover, the Assembly decided that the reports of the Symposium and the Assembly of Governors should always be sent to member central banks for comments six (6) weeks at the most after the Annual meetings. Comments from member central banks will be expected three (3) weeks later. The reports including the comments will be submitted again to member central banks within two (2) weeks for additional possible comments to be received by the AACB Secretariat one (1) week later. Therefore, the report taking into account the possible additional comments will be considered adopted three (3) months after the Annual meetings;
3. Was informed that the Legal Department of the African Union (AU) indicated that AU membership is only granted to countries of the African Continent and that the Statutes do not have a provision for an observer status. In this regard, the AACB Secretariat was directed to make proposals to amend the AACB Statutes to include provisions related to the terms and conditions for an observer status to be granted to a central bank whose country is outside the African Continent. The draft of the revised Statutes should be presented at the next Bureau meeting. In the meantime, the "Banque de la République d'Haïti" will attend AACB meetings as a guest;
4. Took note of the list of decisions of the Bureau meeting held in Dakar, Senegal, on 23rd February 2019, as well as the matrix on the implementation of the decisions;
5. Noted the presentation made by the AUC Commissioner on the steps taken toward the establishment of the African Monetary Institute (AMI), in particular the working visit paid to the Governor of the Central Bank of Nigeria (CBN) in April 2019. The Commissioner also stated that the AUC was planning to develop a draft host country agreement for the AMI that would be discussed with the Federal Republic of Nigeria before finalization and signing by both parties. After the discussions, both parties agreed to work together for the establishment of the AMI, a transition organ towards the creation of the African Central Bank (ACB), by preparing its draft statutes and structure, as well as the terms of reference of the experts who will be hired to implement the revised joint strategy and monitor the macroeconomic convergence. The meeting recommended that the draft statutes and structure of the AMI as well as the terms of reference of the experts would be considered and approved during a meeting between AUC and AACB. It was also agreed that all requirements related to the office spaces and draft host agreement for the AMI be prepared and signed as soon as possible. Governors confirmed the Association's commitment to work together towards strengthening collaboration efforts in implementing the Joint Strategy through inter alia, the monitoring and evaluation of the performance of member States in terms of macroeconomic convergence. The AACB will work closely with AUC to revisit the Joint Strategy using the AACB convergence criteria and timelines for the establishment of the ACB as the reference points. The AACB Secretariat will present regular reports on the discussions and decisions emanating from the exchange of ideas with the AUC in order to inform the member central banks on the state of progress on this matter;



6. Approved the report on the implementation of the African Monetary Cooperation Programme (AMCP) in 2018, indicating that 22 countries out of 49 (44.9%) which submitted their data met all the primary convergence criteria in 2018, compared to 19 out of 52 (36.5%) in 2017;
7. Adopted the revised version of the Guidelines for the computation of the convergence criteria and directed the AACB Secretariat to send the document to all member central banks;
8. Took note of the proceedings of the consultative meeting between AUC, AACB and the Regional Economic Communities (RECs) held on 1st - 3rd July 2019 in Niamey, Niger, on the reports of the AACB Experts Group on the refinement of the convergence criteria of the AMCP and a proposal of a monitoring framework and peer review mechanism for macroeconomic convergence, which were forwarded to the RECs for comments. Governors requested the AUC to forward to the AACB Secretariat the comments received from the RECs for the information of the AACB Bureau in February 2020, prior to the meeting of the Specialized Technical Committee (STC) - composed of Ministers of Finance, Economic Development and Integration, as well as central bank Governors – in March 2020;
9. Was informed about a presentation made by the African Export-Import Bank (Afreximbank) on digital payments and settlement system before the AU Conference of Heads of State and Government in Niamey, Niger, in July 2019 and directed the AACB Secretariat to notify the AUC and the Afreximbank that payment systems are within the mandate of central banks and hence, any continental initiative pertaining to them should involve the AACB;
10. Noted the conclusions and recommendations of the Continental Seminar organized on 6th - 8th May 2019 in Balaclava, Mauritius, on the theme 'Renewed Protectionist Tendencies: Some Implications for Macroeconomic Policy in Africa', commended the Bank of Mauritius for hosting the forum and urged the AACB Secretariat to send the report to the AUC in order to be forwarded to the RECs and the relevant ministries;
11. Took note of the activities of the Community of African Banking Supervisors (CABS), including the activities of the Working Groups on 'Cross-Border Banking Supervision' and 'Crisis Management and Banking Resolution' led by the South African Reserve Bank (SARB) and the Central Bank of Nigeria (CBN), respectively. The Assembly of Governors also took note of the handing over of CABS Chairmanship to the National Bank of Rwanda. Moreover, Governors expressed appreciation to AACB partners (The Partnership for Making Finance Work for Africa - MFW4A, Macroeconomic and Financial Management Institute for Eastern and Southern Africa - MEFMI, Financial Sector Reform and Strengthening Initiative - FIRST) for their support in implementing CABS work plans and approved:
 - The launch of the third CABS Working Group on Basel Regulations chaired by the Central Bank of Egypt;
 - The Terms of Reference of the Working Group on Basel Regulations;
 - The dispatching of Fintech and cybersecurity activities among the Working Groups chaired by the Central Bank of Nigeria and the South African Reserve Bank, respectively.



12. Requested the Chairperson of CABS as well as the Chairs of the Working Groups to attend the Bureau and the Assembly of Governors' meetings to make presentations on their activities. Furthermore, the Chairs of the Working Groups should be reminded by the AACB Secretariat to forward their contributions to the development of the 2020-2022 CABS work program;
13. Urged CABS to seek legal advice on the use of "MoU" or "Agreement" to be signed by AACB member central banks to facilitate the exchange of banking information. CABS should also submit regular reports on the issue of de-risking with recommendations (and their targets), timelines and measurable objectives. Furthermore, Governors requested that CABS include the issue of "Banking Union" in its agenda, and could establish a technical team dedicated to it;
14. Considered the draft Terms of Reference (TOR) developed following the workshops held in Cairo, Egypt, on 18th - 20th April 2019, on the development of an inter-regional payment systems integration framework and an integrated inter-regional mobile payment strategy. Given that the TOR were only sent for comments to the participants who attended the workshops, Governors directed the AACB Secretariat to resend the Terms of Reference (TOR) on inter-regional payment systems to all the member central banks for comments, which should be sent to the Secretariat by the end of August 2019. Upon the request of its Governor, the Central Bank of Liberia, which has a good experience in payment systems integration will be a member of the Task Force. After consideration of comments from member central banks, the TOR will be approved by the AACB Bureau in February 2020. Furthermore, Governors directed that in the meantime, the Sub-regions should continue improving and integrating their payment systems;
15. Took note of the updated report on the experiences and initiatives of AACB member central banks in the development of Fintech and cybersecurity, emanating from the stock taking requested by the Assembly of Governors at its meeting held on 9th August 2018 in Sharm El Sheikh. The Assembly also took note of the dispatching of Fintech and cybersecurity issues between two CABS Working Groups on 'Crisis Management and Banking Resolution' and 'Cross Border Banking Supervision', respectively. Furthermore, Governors urged the AACB Secretariat to send the report to the Chairs of the concerned Working Groups for noting and inclusion in their work programs;
16. Noted the proceedings of the 2019 Official Sector Service Providers (OSSP) - AACB Forum on Central Bank Foreign Currency Operations - held from 26th to 28th June 2019 at the South African Reserve Bank (SARB) Conference Center in Pretoria, South Africa. The Assembly of Governors expressed appreciation to the Federal Reserve Bank of New York and the European Central Bank (co-Chairs of the OSSP Secretariat) as well as to the AACB Chairperson for carrying out successfully, one of the milestones of the roadmap aimed at enhancing the relations between the New York Fed and AACB. They also expressed gratitude to the Governor of the SARB for hosting this important event;
17. Selected the theme for the 2020 Symposium which will be "*Role of African Central Banks in the Transition to Digital Economy and Financial Inclusion*". Moreover, the Assembly of Governors approved the organization of two Continental Seminars in 2020 on the topics "*Remittances, Fluctuations of Exchange Rates and Management of Foreign Reserves: Financing Opportunities for Africa and Implications for African Central Banks*" and "*High Levels of Non Performing Loans in Africa: Determinants and Implications for Financial Stability and the Real Economy in the Region*". Furthermore,



Governors approved that the two seminars be hosted by the National Bank of Rwanda and the Central Bank of Egypt, respectively;

18. Considered the work program and budget of the AACB Secretariat for the year 2020. Governors urged the AACB Secretariat to include the costs of a second Continental Seminar in the budget for the year 2020 and submit it to the AACB Chairperson for approval. They also expressed their appreciation to the BCEAO for their continued support to the AACB;
19. Adopted the external auditor's report on the financial accounts of the AACB for the year ending 31st December 2018;
20. Took note of the status of the contributions to the 2019 budget and requested the AACB Secretariat to remind the remaining central banks to honor their commitments;
21. Noted and approved the suspension of the Central Bank of Sudan in all AACB activities based on the decision taken by the Peace and Security Council of the African Union during its 854th meeting held on 6th June 2019 in Addis Ababa, Ethiopia, and pursuant to Article 4 of the AACB Statutes;
22. Elected Mr. John Rwangombwa, Governor of the National Bank of Rwanda, as Chairperson of AACB for the period August 2019 - August 2020. The Central Africa Sub-region will designate the Governor who will be the AACB Vice-Chairperson for the same period. Thus, besides the Vice-Chairperson, the AACB Bureau for this year comprises:
 - Governor of the National Bank of Rwanda, Chairperson of AACB;
 - Governor of the Central Bank of Liberia, Chairperson of the West Africa Sub-region;
 - Governor of the "*Banque Centrale de Tunisie*", Chairperson of the North Africa Sub-region;
 - Governor of the "*Banque des Etats de l'Afrique Centrale (BEAC)*", Chairperson of the Central Africa Sub-region;
 - Governor of the Bank of Tanzania, Chairperson of the East Africa Sub-region;
 - Governor of the "*Banky Foiben'i Madagasikara*", Chairperson of the Southern African Sub-region;
 - Governor of the "*Banque Centrale de la République de Guinée*", Alternate Bureau member of the West Africa Sub-region;
 - Governor of the Central Bank of Egypt, Alternate Bureau member of the North Africa Sub-region;
 - Governor of the "*Banque Centrale du Congo*", Alternate Bureau member of the Central Africa Sub-region;

- Governor of the Bank of Uganda, Alternate Bureau member of the East Africa Sub-region;
 - Governor of the Bank of Zambia, Alternate Bureau member of the Southern African Sub-region.
23. Decided that in compliance with the principle of rotation of AACB's Annual Meetings, the 43rd Ordinary Meeting of the Assembly of Governors and the Symposium scheduled for August 2020 will be held in the Central Africa Sub-region and would be hosted by the Central Bank of the AACB Vice-Chairperson;
 24. Noted the presentation made by the African Trade Insurance Agency (ATI) and GarantCo on "*Risk weighting and capital relief as a solution to boost African banks' competitiveness and increased lending*". ATI requested African Central Banks to accord a 20% risk weighting and to offer capital relief to banks and financial institutions for lending facilities backed by ATI's comprehensive credit risk cover. Governors requested some clarifications on the ATI's leverage capacity and asked them to get in touch with central banks which would be interested in this initiative;
 25. Took note of the presentation made by the Federal Reserve Bank of New York (FRBNY), which showed a major milestone of shared capacity-building efforts with a focus on the inaugural forum on Central Bank Foreign Currency Operations held in Pretoria on 26th - 28th June 2019. Feedback from both AACB delegates and OSSP participants has been enormously positive, with approximately 80% of participants viewing the forum as having been "very useful" on a practical level. Furthermore, participants indicated a strong desire for the forum to become a regular event on the AACB calendar. At the end of the presentation by the Federal Reserve Bank of New York (FRBNY), Governors shared ideas on possibilities of exchanging data and on more training on Anti Money Laundering and cybersecurity issues. They also commended the FRBNY for the fruitful cooperation with the AACB;
 26. Took note of the presentation made by the European Central Bank (ECB) which recalled the activities undertaken within the framework of the AACB – ECB cooperation based on an Exchange of Letters between the Directorate General, International & European Relations of the ECB and the AACB Secretariat. Besides continued ECB participation in regular AACB activities (continental seminars, symposia, Assembly of Governors' meetings, CABS meetings), the presentation also highlighted that going forward, cooperation priorities include sharing experience on payment systems integration, convergence monitoring framework, hands-on stress testing and strengthening research capacity using the Bayesian Estimation, Analysis and Regression (BEAR) toolbox. Following the presentation, Governors encouraged the ECB to pursue the dynamic cooperation with the AACB;
 27. Noted the presentation of the African Peer Review Mechanism (APRM) on the support to African Union (AU) member States on International Credit Rating Agencies (ICRAs). The objectives of the presentation were to brief the AACB on the AU Assembly Decision for APRM to provide support to AU member States on ICRAs and its relationships with monetary policy and financial stability, and to solicit guidance on the Draft Policy Framework on APRM support to member States on Credit Rating Agencies. The Assembly requested the APRM to directly contact member central banks which will advise on the units to liaise with the APRM. Governors also requested the APRM to submit the Draft Policy Framework to all member central banks for input.



On behalf of all the Governors and delegates, Mr. Bakary Jammeh, Governor of the Central Bank of The Gambia, expressed gratitude and deep appreciation to His Excellency President Paul Kagame, the Rt. Hon. Prime Minister, the Government and the people of the Republic of Rwanda, for their warm welcome, kind hospitality, as well as for the excellent preparations undertaken by the staff of the National Bank of Rwanda which contributed to the success of the meetings.

Done in Kigali on 1st August 2019



RWANGOMBWA John
Chairperson of the AACB
Governor, National Bank of Rwanda